

*Agan Proposals I*

MEMORANDUM FOR: Deputy Director for Administration

FROM: Robert W. Magee  
Director of Personnel

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SUBJECT: Retirement Plans--Options for Consideration

REFERENCE: Your memo, dtd 15 Aug 84, same Subject  
(DDA 84-221411)

1. In response to reference request, attached are a series of retirement options for consideration by the EXCOM during the first week of September. We have learned that retirement legislation will be a very complex subject with multi-faceted implications involving the CIA Retirement and Disability System, Civil Service Retirement System, Social Security, Congressional reviews and Administration initiatives. Initial decisions on what actions we take will be very important to our ultimate success or failure in gaining essential retirement benefits for Agency employees.

2. As you know, we have been working closely with Hay Associates, the firm which is also under contract with the House Post Office and Civil Service Committee, to determine what alternatives are being considered by the Congress and those

available to us. You will recall that earlier this year I gave a briefing to the DDCI on our retirement study. I strongly recommend that an updated version of that briefing be given to the EXCOM now that Hay Associates has completed its first phase study on this issue. I believe such a briefing would assist the EXCOM members understand the complexity of the retirement issues and recommend such a presentation serve as the lead in to discussions of the various options.

Robert W. Magee

Attachment: a/s

EXCOM Consideration of Retirement Plans

Based upon the Hay Associates recent study on retirement options for the Agency, this paper provides four options for consideration by Agency management. While we may ultimately have to consider cost-saving features for these options, our ~~main~~ <sup>initial</sup> focus has been to identify alternatives regardless of cost.

All options <sup>could</sup> ~~would~~ contain the following ingredients:

- A) Two levels of enhanced benefits--one for "CIARDS-type" employees and one for "CSRS-type" employees. Enhancement could include such things as increasing accrual rates from the current 2% to 2 1/2% for "CIARDS-type" employees and to a flat 2% for "CSRS-type" employees.
- B) A fall back position in each alternative would be to maintain the existing two levels of benefits (2% for CIARDS and 1.85% for CSRS) if enhancement not feasible.
- C) Retention of age and eligibility criteria of existing CIARDS and CSRS.
- D) Inclusion of an optional thrift plan, 401K-type of investment program with matching Government contributions.

Enhanced level of benefits would improve our competition in recruitment and retention efforts and provide greater recognition of CIA ~~benefits~~ on a level already accorded law enforcement officers, fire fighters, etc. Such action would not be without increased costs, however, and would most probably run into stiff resistance from the Congress and the Administration. Offsetting reductions in other areas such as COLAs, high-three to high-five, etc., may be required to enhance or maintain current benefit levels as well as age and eligibility requirements.

It is important to keep in mind that any options must integrate Social Security for employees hired after 31 December 1983, which will be a major part of the overall retirement effort. However, for purposes of this paper, the focus is on possible courses of action rather than mechanical details to achieve desired benefit levels.

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MEMORANDUM FOR: Chief, Retirement Division

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SUBJECT: Records with OPM and Other Agencies:  
How Secure?

1. A secure system could be established with Office of Personnel Management (OPM) maintaining the funds if OPM can guarantee the security of Agency records at the following points of contact between the Agency and OPM:

a) When an employee is transferred from Civil Service Retirement System (CSRS) to CIARDS, a record (including the pay card) is sent from Office of Finance (OF) to OPM in order to get the employee's CSRS contributions sent to OF for deposit into CIARDS.

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